

**CANADA TUNGSTEN MINING
CORPORATION LIMITED**



ANNUAL REPORT 1977

CANADA TUNGSTEN MINING CORPORATION LIMITED

CORPORATE

Executive Office

303 - 535 Thurlow St., Vancouver, B.C.

Head Office

Suite 600, 365 Bay St., Toronto, Ont.

Officers

J.B. Redpath, Chairman of the Board
C. Allen Born, President and Chief Executive Officer
M.K. Coffin, Secretary and Treasurer
P.M. Cain, General Manager

Directors

John B. Aird, Toronto
C. Allen Born, Vancouver
J.M. Richard Corbet, Toronto
Dr. E.B. Gillanders, Vancouver
John W. Goth, Greenwich, Conn.
J.B. Redpath, Toronto
H.A. Sawyer, JR., Greenwich, Conn.

Transfer Agents and Registrars

Canada Permanent Trust Company
20 Eglinton Avenue West, Toronto, Ont.

Bankers

Canadian Imperial Bank of Commerce
Vancouver, B.C.

Auditors

Deloitte, Haskins & Sells
Royal Centre, Vancouver, B.C.

OPERATING

Leach Plant & Whse.

80 Niobe St., North Vancouver, B.C.

Mine

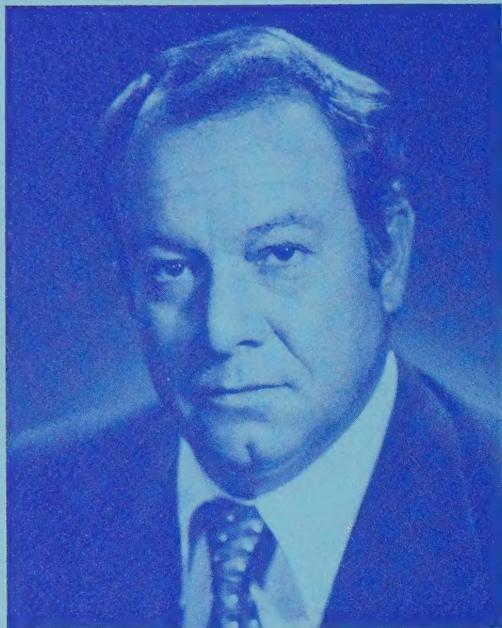
Tungsten, N.W.T.
H.E. Pawson, Mine Manager
M. Swizinski, Gen. Superintendent

EXPLORATION Office

303 - 535 Thurlow St., Vancouver, B.C.
L.J. D'Aigle, Exploration Manager

THE ANNUAL MEETING of the Shareholders of
Canada Tungsten Mining Corporation Limited will
be held on Thursday, April 27, 1978 at 11:00 o'clock in
the forenoon in the Toronto III Room, Hotel Toronto,
Toronto, Ontario.

Directors' Report to the Shareholders



C. ALLEN BORN,
President and Chief Executive Officer.

Your Directors present herewith the Annual Report of your Company, together with the General Manager's Report and audited financial statements for the year ended December 31, 1977.

During the year under review, your Company earned a record net profit of \$16,122,830, or \$3.23 per share, compared with \$6,896,219, or \$1.38 per share, from 1976 operations.

A strong and dedicated management team brought stability to unit costs, recovery, operating time and mine efficiency. These factors coupled with increased productivity, sales, and a substantial increase in tungsten prices gave the record performance for 1977.

Tungsten Market

The price of tungsten continued to increase in 1977 with the consumption of cemented tungsten carbide and tungsten mill products remaining at a high level. During the year, the Metal Bulletin price for tungsten started at an average of U.S. \$137 per short ton unit in January, reached a high of \$164 per short ton unit in May, decreased to \$139 per short ton unit in September, and finished the year at \$155 per short ton unit in December. The average price for the year of \$155 per short ton unit was 49% higher than the 1976 average of \$104 per short ton unit.

Prices during January and February, 1978 decreased from the December, 1977 level, averaging U.S. \$143 per short ton unit for the first two months of the year.

Production

The mining and milling of 185,629 tons of ore at a grade of 1.65% WO₃ produced a record of 251,813 STU's of WO₃ compared with 1976 production of 188,934 tons of ore at a grade of 1.55% WO₃ and 238,998 STU's of WO₃. Mill recovery was 82.2% compared with 81.6% for 1976. Compared with 1976, tungsten concentrate production increased by 5%, WO₃ grade was up by 6%, and mill recovery increased by 1%. Tonnage was 2% below 1976.

5 Year Summary of Production Statistics

	<u>1977</u>	<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>
Tons Milled	185,629	188,934	179,032	170,614	164,900
% WO ₃	1.65	1.55	1.28	1.45	1.22
STU WO ₃ Produced	251,813	238,998	162,892	177,880	161,430
Average Recovery					
% WO ₃	82.2	81.6	71.1	71.4	80.2

Ore Reserve

Definition diamond drilling in the established ore body and exploration diamond drilling in the western extension increased the mineable ore reserve by 200,000 tons. Drilling will continue during 1978 on the western extension.

Mineable ore reserves at December 31, 1977 were 4,200,000 tons at 1.55% WO₃.

Capital Expenditures

Capital expenditures in 1977 amounted to \$10,088,000.

Construction work for the expansion of mine and mill capacity from 500 to 1000 tons of ore per day at the Tungsten, N.W.T. facility commenced in June, 1977. By year end the concentrator building was 70% complete, the water pumphouse was complete, the electric generator building was 75% complete, and the secondary crusher was 50% complete. The major items of equipment for the project are well ahead of schedule for delivery with 60% of the major equipment already on site.

Expenditures during 1977 on the expansion program amount to \$6,760,000 bringing costs to date through year end to \$6,829,000. It now appears that the original estimate of \$10 million, which did not include construction management, will be exceeded. The current estimate is approximately a total of \$12.3 million.

Other capital expenditures during 1977 on underground and surface equipment and facilities amounted to \$2,138,000. In addition \$1,190,000 was spent on the maintenance shop complex, which will be completed early this year.

Environmental

In June, 1975 the Company was issued a three year Water Licence by an agency of the N.W.T. Government. This Licence not only allows for water use but is also an all encompassing environmental permit to operate a mining and milling complex in the N.W.T.

To comply with the provisions of the Licence the Company has faithfully completed significant studies on the effects of our operation on the environment of the Flat River Valley. These studies have indicated that the mine has been operating within the constraints of the Water Licence requirements.

Expenditures directly related to compliance with the provisions of the Water Licence have been \$326,000 since June, 1975 with \$205,000 expended in 1977. These costs include the various studies and operating costs to meet the requirements of the restrictive Water Licence.

It is expected that an amended Licence will be issued in June, 1978 for a three year period.

Labour Relations

Mine production was halted August 25th, 1977, when members of the United Steelworkers Union staged an unauthorized work stoppage. The wildcat strike continued through to September 6th, 1977 and production returned to normal by September 15th, 1977. Approximately three weeks of production were lost by the work stoppage.

All labour agreements expire during the last quarter of 1978.

Exploration

Exploration in Northern Quebec was confined to a one square mile section of the Eagle Permit Area which encompassed a pitch-blende-uraninite showing and radioactive anomalies detected in 1976. In the second area of interest, a drilling program and magnetometer survey was carried out in the Reuben Permit Area. These programs did not locate deposits of potential economic importance and no further work is planned on these two areas in 1978.

Exploration in the Yukon and Northern British Columbia consisted of geological mapping and extensive geochemical sampling. Several indications of tungsten mineralization were found and further work is planned for the 1978 season. One tungsten showing in the Yukon was optioned and drilled with negative results and the option dropped.

During 1977 preliminary geophysical resistivity surveys were carried out at the mine site for a potential geothermal reservoir. The study indicates a possible subsurface zone saturated with hot water. Further work is planned on this project in 1978 as it is hoped that use of this geothermal energy for campsite heating could reduce our reliance on fuel oil.

Other Exploration Activities

On August 25th, 1977 the Company announced a 1% participation in four Dome Petro-

leum Limited exploration units in the Beaufort Sea at a cost to the Company of \$5,000,000. At the end of the drilling season Dome Petroleum Limited announced that multiple hydrocarbons had been encountered. Dome points out that further evaluation is required to determine if finds are commercial.

Significant tax write offs against mining profits made this project substantially less costly than the initial expenditure would indicate.

Dividends

During the year under review three (3) dividend payments were made for a total distribution of \$2,642,205 or \$0.53 per share. Under current Anti-Inflation Board Regulations the Company is not permitted further dividend payments until after October 13, 1978.

On behalf of the Board,



C. ALLEN BORN,
President and Chief Executive Officer.
Toronto, Ontario,
March 10, 1978.

Report of the General Manager on Operations

The President and the Board of Directors,
Canada Tungsten Mining Corporation Limited

Dear Sirs:

The following report briefly covers the 1977 operations of the mine and mill at Tungsten, N.W.T., and the Leach Plant in North Vancouver, B.C.

Mine

During the year 178,495 tons of ore were mined grading 1.65% WO₃. Waste broken totalled 38,364 tons of which 17,633 tons were used for backfill operations in the stopes.

The following development work was completed:

	1977	1976
Drifting and Crosscutting ...	3,457	2,602
Access Ramps	1,465	1,237
Stope Development	1,181	2,014
Raising	265	126
Diamond Drilling	15,948	4,943

The mineable ore reserve as of December 31, 1977, is estimated to be 4,200,000 tons at 1.55% WO₃. The mineable ore reserve is based on mining 80% of the geological ore reserve after making allowance for the tonnage mined out during the year and for non-recoverable pillars. Additions to the ore reserve during 1977 offset the tonnage mined.

Mill

Overall recovery averaged 82.2% and the concentrator operated at the rate of 535 tons per day with operating time at 98.6%. The mill treated 185,629 tons grading 1.65% WO₃. Total production was 251,813 STU's.

Surface

The mill expansion to 1,000 tons per day was started in June, 1977. The construction activity was aimed at closing in all the new buildings before the onset of winter so that internal work could continue during the winter months. The concentrator building expansion was completed on time, while the powerhouse building was only partially enclosed by year end. The new water system was completed but cold weather has delayed the commissioning of the system until the spring of 1978.

Other construction work completed during 1977 included improvements to the cookhouse to facilitate the distribution of produce to the townsite, constructing additional mine offices in the old warehouse building, and rebuilding the utilidor power and water system throughout the townsite. The maintenance shop building was completed by year end and was turned over to the operating crews in early February, 1978.

During the summer a 60 man bunkhouse, a portable classroom, a church, 2 double wide trailers and 6 single wide trailers were installed. Several new pieces of major surface and underground equipment were purchased. This equipment included a 5 yard loader, a scoop-tram, a production jumbo, a powder loading vehicle, and a lube vehicle.

General

Consultants have completed all the biological and geotechnical studies required under the terms of the present 3 year water licence. This licence is up for renewal during 1978. A public hearing was held in August, 1977 regarding the renewal of this licence.

Operations at the North Vancouver Leach Plant were satisfactory with an overall recovery of 94%.

Personnel

During the year Mr. Hal E. Pawson was appointed Mine Manager; Mr. Maurice F. Lindsay was appointed Chief Engineer; Mr. Robert J. Tucker was appointed Mill Superintendent.

On August 25th, 1977 the members of the United Steelworkers of America Locals at the minesite staged a work stoppage which lasted until September 6th, 1977. Production returned to normal by September 15th, 1977.

I would like to thank all the employees for their hard work and co-operation during the year; their efforts contributed significantly to making 1977 a very successful year.

Respectfully submitted,

Peter M. Cain,
General Manager.

March 8, 1978.

BALANCE SHEET AS

(with prior year's fi

ASSETS

	1977	1976
	(000)	(000)
CURRENT ASSETS:		
Cash and short-term deposits	\$ 7,797	\$ 2,769
Accounts receivable	8,669	9,205
Inventories of concentrates	1,701	2,126
Income taxes recoverable	1,673	—
Prepaid expenses	215	162
Total current assets	<u>20,055</u>	<u>14,262</u>
INVESTMENT IN OIL AND GAS PROPERTIES (Note 2)	<u>5,000</u>	—
PROPERTY, PLANT AND EQUIPMENT — at cost (Note 3)	<u>15,149</u>	<u>13,822</u>
Less accumulated depreciation and amortization	<u>8,530</u>	<u>7,893</u>
Net property, plant and equipment	<u>6,619</u>	<u>5,929</u>
CONSTRUCTION IN PROGRESS (Note 4)	<u>8,019</u>	<u>69</u>
OTHER ASSETS:		
Inventory of materials and supplies — at cost	<u>1,656</u>	<u>1,508</u>
Deferred preproduction and development costs less amounts amortized	<u>2,822</u>	<u>3,077</u>
Deferred mining expenses	<u>208</u>	—
Total other assets	<u>4,686</u>	<u>4,585</u>
TOTAL	<u><u>\$44,379</u></u>	<u><u>\$24,845</u></u>

The accompanying notes are an integral part of the financial statements.

AUDITOR

To the Shareholders of
Canada Tungsten Mining Corporation Limited:

We have examined the balance sheet of Canada Tungsten Mining Corporation Limited as at December 31, 1977 and the statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

**CANADA TUNGSTEN MINING
CORPORATION LIMITED**

(Incorporated under The Business Corporations Act, Ontario)

AT DECEMBER 31, 1977

s for comparison)

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

	1977	1976
	(000)	(000)
Accounts payable and accrued liabilities	\$ 3,269	\$ 1,852
Northwest Territories royalty payable (Note 5)	728	—
Income taxes payable	—	1,760
Total current liabilities	3,997	3,612
DEFERRED INCOME TAXES (Note 6)	7,087	1,419

SHAREHOLDERS' EQUITY:

Share capital:

Authorized:

5,000,000 shares of a par value of \$1 each

Issued and fully paid:

4,990,000 shares

Less discount

Retained earnings

Total shareholders' equity

TOTAL

	1977	1976
	(000)	(000)
	4,990	4,990
	1,373	1,373
	3,617	3,617
	29,678	16,197
	33,295	19,814
	\$44,379	\$24,845

Approved by the Board:

C. ALLEN BORN Director

H.A. SAWYER, JR. Director

REPORT

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1977 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

February 4, 1978
Vancouver, B.C.

DELOITTE, HASKINS & SELLS
Chartered Accountants

**CANADA TUNGSTEN MINING
CORPORATION LIMITED**

STATEMENT OF INCOME AND RETAINED EARNINGS

For the Year Ended December 31, 1977

(with prior year's figures for comparison)

	1977 (000)	1976 (000)
INCOME FROM OPERATIONS BEFORE THE UNDERNOTED (Note 7)	\$24,629	\$10,744
INTEREST ON SHORT-TERM DEPOSITS	639	39
	<u>25,268</u>	<u>10,783</u>
 OTHER COSTS AND EXPENSES:		
Depreciation	1,263	1,124
Amortization of deferred preproduction and development costs	256	230
Exploration	926	290
Northwest Territories royalty (Note 5)	728	—
	<u>3,173</u>	<u>1,644</u>
INCOME BEFORE INCOME TAXES	<u>22,095</u>	<u>9,139</u>
 PROVISION FOR INCOME TAXES:		
Current	304	2,320
Deferred (recovery)	<u>5,668</u>	(77)
	<u>5,972</u>	<u>2,243</u>
NET INCOME FOR THE YEAR	<u>16,123</u>	<u>6,896</u>
RETAINED EARNINGS AT BEGINNING OF THE YEAR	<u>16,197</u>	<u>9,800</u>
	<u>32,320</u>	<u>16,696</u>
DIVIDENDS	<u>2,642</u>	<u>499</u>
RETAINED EARNINGS AT END OF THE YEAR	<u>\$29,678</u>	<u>\$16,197</u>
EARNINGS PER SHARE	<u>\$3.23</u>	<u>\$1.38</u>

The accompanying notes are an integral part of the financial statements.

CANADA TUNGSTEN MINING
CORPORATION LIMITED

STATEMENT OF CHANGES IN FINANCIAL POSITION
For the Year Ended December 31, 1977
(with prior year's figures for comparison)

	1977 (000)	1976 (000)
WORKING CAPITAL PROVIDED:		
From operations:		
Net income for the year	\$16,123	\$ 6,896
Items not affecting working capital:		
Depreciation	1,263	1,124
Amortization of deferred preproduction and development costs	256	230
Amortization of deferred mining expenses	—	260
Deferred income taxes	5,668	(77)
Loss on disposal of property, plant and equipment	69	431
Provided from operations	23,379	8,864
Proceeds on disposal of equipment	116	—
Total	<u>23,495</u>	<u>8,864</u>
WORKING CAPITAL APPLIED:		
Additions to property, plant and equipment	2,138	1,665
Construction in progress	7,951	69
Investment in oil and gas properties	5,000	—
Dividends	2,642	499
Materials and supplies	148	225
Deferred mining expenses	208	—
Total	<u>18,087</u>	<u>2,458</u>
INCREASE IN WORKING CAPITAL FOR THE YEAR ..	5,408	6,406
WORKING CAPITAL AT BEGINNING OF THE YEAR ..	10,650	4,244
WORKING CAPITAL AT END OF THE YEAR	<u>\$16,058</u>	<u>\$10,650</u>

The accompanying notes are an integral part of the financial statements.

CANADA TUNGSTEN MINING CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

December 31, 1977

1. Summary of Significant Accounting Policies:

Conversion of U.S. dollars:

Current assets and current liabilities which are receivable or payable in U.S. dollars (principally accounts receivable) have been converted to Canadian dollars at the rate of exchange prevailing at the year-end.

Inventories of concentrates:

Inventories of concentrates are valued at the lower of cost or net realizable value. Cost is determined on the moving average basis and does not include depreciation or amortization of deferred preproduction and development costs.

Depreciation:

It is the company's practice to provide for depreciation of plant, buildings, and machinery and equipment at 15% per annum on a straight-line basis.

Amortization of deferred preproduction and development costs:

Preproduction and development costs related to the underground ore body are deferred and charged to income over the estimated life of the ore body on the basis of units sold.

Exploration:

Exploration expenditures are charged to income as incurred.

Investment in oil and gas properties:

It is the company's policy to capitalize the cost of its investment in oil and gas properties and to record depletion against revenues from oil and gas investments (no revenue received during the year) using the unit-of-production method based on the company's share of total estimated recoverable reserves.

The company considers that investments in oil and gas properties are distinct from its mining operations and has adopted the policy that income tax reductions from claiming depletion relating to oil and gas properties (Note 2) are recorded as deferred income taxes. As revenue is earned from the oil and gas properties, the deferred income taxes previously recorded will be reflected as a recovery of deferred income taxes in the statement of income and retained earnings to offset the increase in the current tax provision which will result from the revenue received.

2. Investment in Oil and Gas Properties:

The company has invested \$5,000,000 as a participant in a drilling program in the Beaufort Sea. The agreement provides that the company is entitled to a 1% net profits interest in future production from specified properties. The company is not required to contribute any amounts in excess of the \$5,000,000 to the drilling program.

As a result of making this investment, income taxes otherwise payable for the year have been reduced by an aggregate amount of \$3,455,000, determined as follows:

Investment of \$5,000,000 deducted for income tax purposes as exploration expenses	\$2,319,000
Reduction of the company's normal depletion claim for tax purposes as a result of claiming the \$5,000,000	(580,000)
Portion of the current year's deduction for depletion which was available as a result of making this investment	
	1,716,000
	<u>\$3,455,000</u>

This reduction of current income taxes has been reflected as deferred income taxes (Note 6).

The balance of the income tax reduction relating to this investment will be realized in future years through claims for depletion and recorded as deferred income taxes at that time. These future reductions, calculated at the current income tax rates, are as follows:

Remaining claim for depletion resulting directly from the investment	\$ 448,000
Depletion otherwise available to the company which could not be claimed in the year as a result of claiming the \$5,000,000 as exploration expenses	580,000
	<u>\$1,028,000</u>

3. Property, Plant and Equipment:

The major categories of property, plant and equipment are as follows:

	1977	1976
Plant and buildings	\$ 7,077,315	\$ 6,323,462
Machinery and equipment	7,946,602	7,373,445
Land	125,000	125,000
	<u>\$15,148,917</u>	<u>\$13,821,907</u>

4. Construction in Progress:

The company has undertaken a program for a major expansion of its mining and milling facility. Construction in progress includes the costs incurred on this program to December 31, 1977, amounting to \$6,828,750. The estimated remaining costs to complete this expansion approximate \$5,500,000.

The remaining balance included in construction in progress of \$1,190,332 represents costs incurred to December 31, 1977 on a maintenance shop complex estimated to be completed in the first quarter of 1978.

CANADA TUNGSTEN MINING CORPORATION LIMITED

5. Northwest Territories Royalty:

The company has been exempt from the payment of royalties to the Northwest Territories for the three years since production from the underground ore body commenced on May 15, 1974. Royalties are payable in the current year on production since May 15, 1977.

6. Deferred Income Taxes:

Deferred income taxes result from timing differences in the recognition of income and expense for income tax and accounting purposes. The major sources of these differences are as follows:

	1977	1976
Deferred preproduction and development costs deducted for income tax purposes in excess of amounts amortized	\$ 841,000	\$ 918,000
Capital cost allowance deducted for income tax purposes in excess of depreciation recorded in the accounts	2,756,000	505,000
Exploration expenses and depletion claimed for income tax purposes related to investment in oil and gas properties (Note 2)	3,455,000	—
Other	35,000	(4,000)
	<hr/> \$7,087,000	<hr/> \$1,419,000

7. Sales Disclosure:

Pursuant to Section 173 of The Business Corporations Act, Ontario, an order was obtained from the Ontario Securities Commission permitting the company to omit disclosure of sales in the statement of income and retained earnings for the years ended December 31, 1976 and 1977.

8. Lease Commitments:

The company is committed under leases for office premises expiring in 1981 and for certain mining equipment expiring in 1980. The maximum aggregate annual rental over the term of these leases is \$244,000.

9. Remuneration of Directors and Senior Officers:

Remuneration of directors and senior officers, as defined in The Business Corporations Act, Ontario, amounted to \$255,000 for the year ended December 31, 1977 (\$212,000 in 1976).

10. Anti-Inflation Legislation:

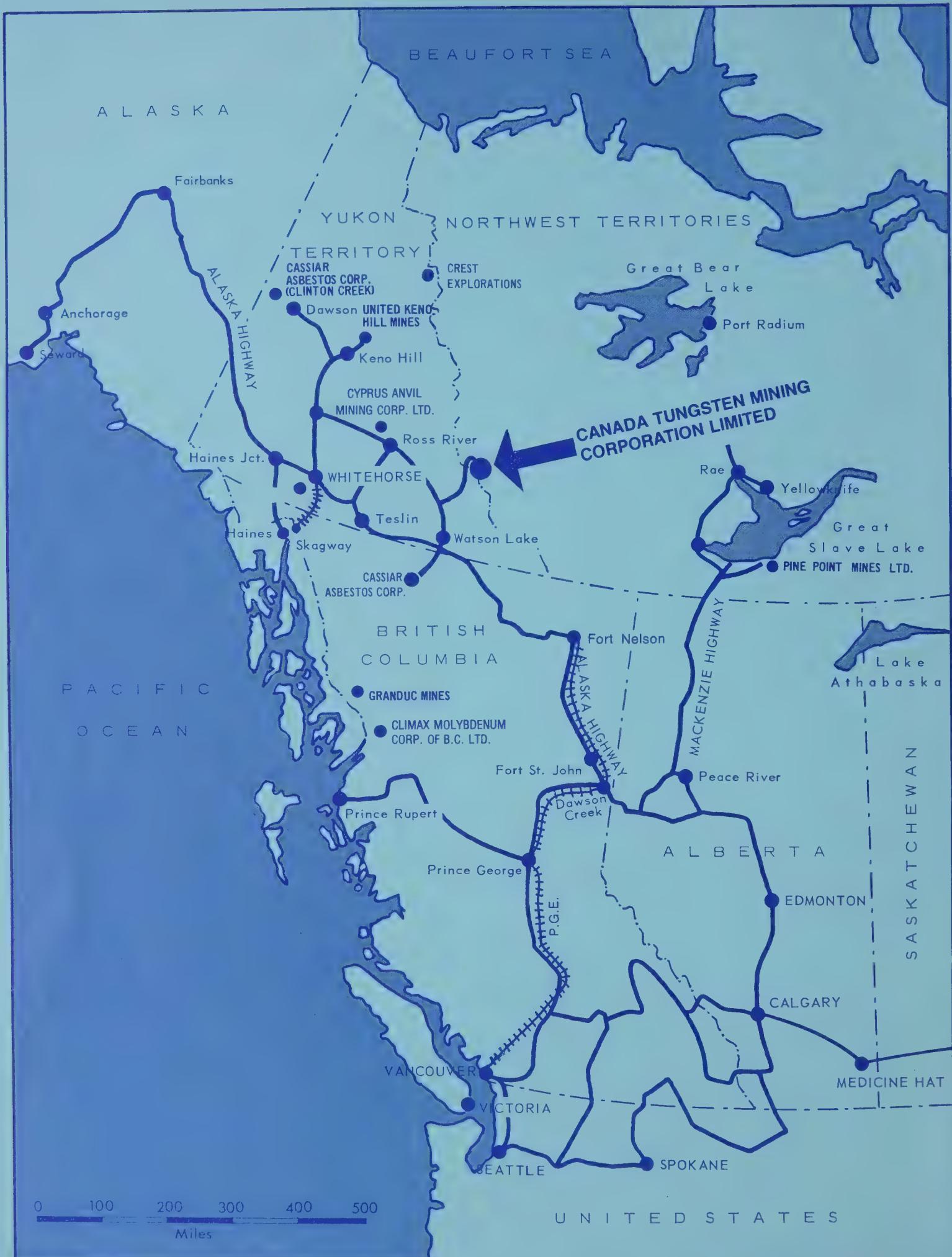
Under anti-inflation legislation enacted by the Government of Canada, the company is not permitted to declare or pay dividends in excess of certain limitations. The company has, during the year, declared and paid the maximum dividends allowed under the legislation for the twelve-month periods ended October 13, 1977 and ending October 13, 1978. The company may not pay further dividends before October 14, 1978.

11. Subsequent Event:

The directors have, on January 20, 1978, passed a resolution to be presented to the shareholders to change the company's present authorized and issued share capital as follows:

Change the 5,000,000 shares of a par value of \$1 each to 5,000,000 shares of no par value.

Increase the number of authorized shares to 10,000,000.



CANADA TUNGSTEN MINING
CORPORATION LIMITEDSTATEMENT OF CHANGES
IN FINANCIAL POSITION

For the Six Months Ended June 30, 1977
(with 1976 figures for comparison)
(unaudited)

	1977	1976
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FUND'S PROVIDED:

Net income		
for the period	\$ 7,491,750	\$ 1,250,125
Add: net amount		
of items not		
involving a flow		
of funds	<u>875,741</u>	<u>520,176</u>
Total funds		
provided from		
operations	<u>8,367,491</u>	<u>1,770,301</u>

FUND'S APPLIED:

Additions to		
fixed assets	1,797,793	217,534
Increase in supplies		
inventory	61,205	94,410
Dividend paid	<u>918,160</u>	<u>—</u>
	<u>2,777,158</u>	<u>311,944</u>

Increase in working		
capital	<u>5,990,333</u>	<u>1,458,357</u>

Working capital at		
beginning of		
period	<u>10,650,278</u>	<u>4,244,069</u>

Working capital at		
end of period	<u>\$16,240,611</u>	<u>\$ 5,702,426</u>



CANADA TUNGSTEN MINING
CORPORATION LIMITED



Interim Report

For the six month period ended

JUNE 30, 1977

**CANADA TUNGSTEN MINING
CORPORATION LIMITED**

TO THE SHAREHOLDERS:

Mine production for the first half of 1977 was a record 132,756 STU of WO₃ from 97,872 tons of ore grading 1.65% WO₃ with 82.0% recovery.

Stability is apparent throughout the operation with consistency in daily tonnage, grade control, recovery and product quality along with improved operating time and cost control.

Concentrate sales volume for the first half of 1977 was as budgeted in a strong and competitive market. The Metal Bulletin mid-point price of Tungsten averaged \$158 per STU for the first half of 1977 vs. \$154 per STU for the first quarter and \$90 for the first half of 1976. There has been some weakening of tungsten prices since June 30th.

The combined results of the above factors produced unaudited after tax net income of \$7,491,750 or \$1.50 per share for the six month period ended June 30, 1977, compared with \$1,250,125 or \$0.25 per share for the corresponding period in 1976.

A dividend of 18.4¢ per share or \$918,160 was paid to shareholders on April 15, 1977. This amount was the maximum allowed under Anti-Inflation Board Regulations for the year October 13, 1976 to October 13, 1977.

Mill expansion progress to date is on schedule with excavation, concrete, and steelwork expected to be completed by October 1, 1977. Major equipment items are on order for delivery during 1978.

Outside exploration activities have been limited to drilling the radio-active anomalies in one permit area in Quebec. Diamond drilling results do not warrant further work at this time.

On behalf of the Board,

**C. ALLEN BORN,
President and Chief Executive Officer.**

Toronto, Ontario.
August 13, 1977.

**CANADA TUNGSTEN MINING
CORPORATION LIMITED**

STATEMENT OF INCOME

For the Six Months Ended June 30, 1977.
(with 1976 figures for comparison)
(unaudited)

	1977	1976
Income from		
Operations before the undernoted		
(note)	\$12,087,619	\$ 2,412,065
Interest Income	144,930	—
	12,232,549	2,412,065
Exploration Expense ..	340,058	97,139
	11,892,491	2,314,926
Depreciation	750,000	555,962
Amortization	125,741	48,839
	11,016,750	1,710,125
Provision for taxes	3,525,000	460,000
Net Income for period	\$ 7,491,750	\$ 1,250,125
Net Income per share	\$ 1.50	\$ 0.25

NOTE: Pursuant to section 173 of The Business Corporations Act, Ontario, orders have been obtained from the Ontario Securities Commission permitting the company to omit disclosure of sales in the statement of income.

PRODUCTION STATISTICS
For the Six Months Ended June 30, 1977.

	1977	1976
Tons Milled	97,872	91,314
% WO ₃	1.65	1.63
STU WO ₃ Produced ...	132,756	119,974
Average Recovery		
% WO ₃	82.0	80.4

YTUNGSTEN

CANADA TUNGSTEN MINING
CORPORATION LIMITED

AR8049

STATEMENT OF INCOME

For the Three Months Ended March 31, 1977

(with 1976 figures for comparison)

(Unaudited) in Canadian \$

	1977	1976
Income from		
Operations before		
write-off	<u>\$5,315,000</u>	<u>\$738,000</u>
Less:		
Depreciation	375,000	276,000
Amortization	62,000	23,000
Exploration		
Expense	36,000	23,000
Provision for taxes	<u>1,453,000</u>	<u>110,000</u>
	<u>1,926,000</u>	<u>432,000</u>
Net Income		
for the period	<u>\$3,389,000</u>	<u>\$306,000</u>
Net Income		
per Share	<u>68¢</u>	<u>06¢</u>

PRODUCTION STATISTICS

For the Three Months Ended March 31, 1977

	1977	1976
Tons Milled	48,347	44,771
% WO ₃	1.63%	1.51%
Short Ton Units		
WO ₃ Produced	63,781	50,933
Average Recovery		
WO ₃	81.0%	75.5%

No Copper Concentrates were produced during
the first quarter of 1977.

CANADA TUNGSTEN MINING
CORPORATION LIMITED



REVIEW

of the

ANNUAL MEETING
TORONTO, THURSDAY, APRIL 28, 1977

and

INTERIM REPORT
FOR QUARTER ENDED MARCH 31, 1977

F. H. L.

**CANADA TUNGSTEN MINING
CORPORATION LIMITED**

TO THE SHAREHOLDERS:

Following is a brief review of the recent Annual Meeting:

FIRST QUARTER ACTIVITIES

Wright Engineers Limited, of Vancouver, B.C., has been awarded the contract for the mill expansion at Tungsten, N.W.T. Initial construction is to begin in early June, 1977.

Exploration camps have been moved into the Quebec permit areas. Drilling equipment will be moved in before breakup. It is anticipated that diamond drilling will commence in early June, 1977 on the radio-active anomolies.

Mine Production for the first quarter of 1977 has been as budgeted. Tungsten recovery is stable at 81%. Metallurgical research on tungsten recovery, product split and by-product copper production will again be an important program during 1977.

Diamond drilling is continuing on the western extension of the ore body. During 1977 it is planned to fully delineate the "E" Zone ore-body.

During 1976, the General Services Administration (GSA) announced a new U.S. Government stockpile goal of 42.73 million pounds contained tungsten, leaving an excess of over 69 million pounds. In 1976, GSA sold 1.91 million pounds for U.S. domestic consumption and 1.86 million pounds for export. Current disposal program calls for the release of a maximum of 9.2 million pounds over this fiscal year.

Canada Tungsten's high-quality scheelite is used around the world for furnace addition in tool steel production, and feed for the chemical manufacture of tungsten products for the carbide, lamp, electronics and catalyst markets.

During the first quarter 1977, demand has continued to grow and prices have moved up accordingly. The average Metal Bulletin price for the first quarter was \$151.80 per short ton unit. The quotation of April 26, 1977 was \$160.57 per short ton unit.

Also included are results for the first quarter of 1977.

Directors elected were: J. B. Aird, C. A. Born (President & Chief Executive Officer), J. M. R. Corbet, E. B. Gillanders, J. W. Goth, J. B. Redpath (Chairman of the Board), and H. A. Sawyer, Jr.

The Company's auditors, Deloitte, Haskins & Sells, Chartered Accountants, were re-appointed.

On behalf of the Board,

C. A. BORN,
President and Chief Executive Officer.
Toronto, Ontario.
May 12, 1977.